

# KEY INVESTOR INFORMATION DOCUMENT

This Key Investor Information Document is dated 22<sup>nd</sup> May  
2023

## CAPITAL ALLIANCE HIGH YIELD FUND

### Managers

**Capital Alliance Investments Limited**

**Company number PV 4663**



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## Content

1.0 INTRODUCTION .....	1
2.0 OBJECTIVES OF THE FUND .....	1
3.0 INVESTMENT POLICIES AND RESTRICTIONS .....	1
4.0 RISK FACTORS .....	2
5.0 FEE STRUCTURE .....	4
6.0 THE MANAGER.....	4
7.0 THE TRUSTEE AND CUSTODIAN.....	7
8.0 INITIAL OFFER.....	8
9.0 MINIMUM SUBSCRIPTION .....	8
10.0 WHO CAN APPLY .....	8
11.0 APPLICATION FORMS .....	8
12.0 APPLICATION PROCEDURE AND MODE OF PAYMENT.....	9
13.0 TAXATION.....	9
14.0 VALUATION OF UNITS .....	10
15.0 VALUATION OF THE DEPOSITED PROPERTY .....	10
16.0 DETAILED DESCRIPTION ON THE SUBSCRIPTION OF UNITS.....	10
17.0 REDEMPTION.....	11
18.0 DISTRIBUTIONS .....	12
19.0 ACCOUNTS.....	12
20.0 DEFINITION ON THE EXPENSES THAT WILL BE ALLOWED FROM THE FUND ....	13
21.0 INVESTMENT COMMITTEE .....	14
22.0 REPORTS AND ACCOUNTS THAT WILL BE DISSEMINATED AMONG THE UNIT HOLDERS .....	18
23.0 THE RIGHTS AND LIABILITIES OF UNIT HOLDERS .....	18
24.0 SUSPENSION IN DEALING.....	18
25.0 TERMINATION OF THE FUND .....	19
26.0 CORPORATE DIRECTORY .....	21
27.0 DEFINITIONS.....	22
28.0 Declaration by the Trustee .....	24
29.0 Declaration by the Manager .....	24

## **1.0 INTRODUCTION**

The **Capital Alliance High Yield Fund** is a Unit Trust approved by the Commission and subject to the rules of the CIS Code promulgated by the Commission under the SEC Act.

The FUND is an open-ended income fund and will be managed by Capital Alliance Investments Limited who has been granted a license to operate the FUND. The Fund is a fixed income Scheme. The FUND is approved by the Commission. The Units of the FUND will not be listed. The FUND is established by way of a public offer of Units to the public.

The FUND is set up by the Trust Deed, entered into between Capital Alliance Investments Limited and Hatton National Bank PLC, the Trustees and Custodian of the FUND. The Trust Deed is binding on Capital Alliance Investments Limited, Trustee and Custodian and each holder of Units.

## **2.0 OBJECTIVES OF THE FUND**

The overall objective of this FUND is to optimize income at moderate levels of risk, with the potential of making capital gains through trading corporate debt instruments and government securities in the secondary market and transacting the other securities set forth herein.

The Managers will make investments

- To achieve optimal income.
- To receive a regular interest income and capital gains when yield curve moves are favourable
- To maintain liquidity to meet dividend payments and permitted redemptions as specified herein.

The Managers will be permitted to leverage the amount invested in the portfolio, to a maximum of 15.00% of the net asset value of the FUND if the fund is subject to a liquidity issue arising due to unforeseen redemptions.

## **3.0 INVESTMENT POLICIES AND RESTRICTIONS**

The FUND will invest in the following types of assets:

- (a) Treasury bills, treasury bonds and other securities issued by the Government;
- (b) Corporate debt, securitised papers and bank deposits.

<b>Issuer and class of security</b>	<b>Investment Parameters</b>
(A) Treasury bills, treasury bonds and other securities issued by the government	Up to 95% of the value of the FUND.
(B) Corporate debt, securitised papers and bank deposits	Up to 95% of the value of the FUND.

The Managers may make the above investments through the primary dealer arm of the Capital Alliance group and in the event any investments are made through such primary dealer arm, the Managers will ensure that all transactions are carried out on an arm-length basis on commercial terms and will also ensure that all relevant guidelines will be followed.

#### **4.0 RISK FACTORS**

The FUND's investments will be subject to volatility in the interest rates from time to time. Changes in the interest rates may influence the income and market value of the FUND, and the re-investment of maturity proceeds and realized income may be subject to new interest rates at the time of re-investment.

Further, the FUND's investments are subject to macroeconomic risks, political risks, market risks, liquidity risks and sovereign risks.

##### **Interest Rate Risk**

This is the risk of the value of a security changing due to a change in the absolute level of interest rates. Generally, when interest rates rise, the prices of bonds fall and vice versa. Interest rates, in turn are affected by a number of factors including but not limited to, government policy, inflation, exchange rate movement and supply and demand of bonds.

Typically, securities with longer maturities are prone to greater fluctuations in value.

**Market Risk**

Market Risk is the possibility of making a loss on an investment due to factors that affect financial markets overall due to global and local events. Examples of such market risk are political unrest, interest rate uncertainty, regulatory events and natural disasters. Ultimately the balance of supply and demand for a particular security will determine its market value. For example, when there are more sellers than buyers in the market, prices tend to fall and when there are more buyers than seller's prices tend to rise. Market Risk is an inherent risk associated with investments in most securities and cannot be eliminated through diversification.

**Leverage Risk**

Leverage magnifies the potential for gains and losses to be incurred due to the use of borrowed capital for the purchase of securities. The more leveraged a position, greater the profit potential and greater the potential for losses. If losses are incurred on the portfolio, capital may need to be infused to mitigate such risk.

**Liquidity Risk**

Liquidity risk is a financial risk arising due to the lack of marketability of a given security. Illiquid securities may result in a loss on the investment as the security may not be able to be sold within the given period of time without distorting the market price.

**The FUND shall maintain liquidity levels as specified by the Commission in terms of CIS Code and Directives issued from time to time by the Commission.**

**Sovereign Risk**

Sovereign risk refers to the risk that a governmental entity may be unable to repay principal and interest on issued sovereign debt. Securities issued by the Government of Sri Lanka are guaranteed only as to the timely payment of interest and principal when securities are held to maturity. Until such time, the market prices of such securities are subject to fluctuation.

**Re-investment Risk**

Reinvestment Risk is the risk that future coupons and/ or principal will not be invested at the prevailing bond yields. Investors who want to reinvest coupons or principal back into the debt market must now do so under current market conditions. Re-investment risk typically occurs when interest rates have fallen.

Capital gains or losses may be made on securities referred to in item (a) of section 3.0 above, traded on the secondary market due to fluctuations in their prices. Such gains or losses may impact the income and market value of the FUND. Yields may also be subject to variation due to fluctuations in market prices at the time of reinvestment.

THE PRICES OF UNITS CAN FLUCTUATE FROM TIME TO TIME IN RELATION TO MARKET CONDITIONS.

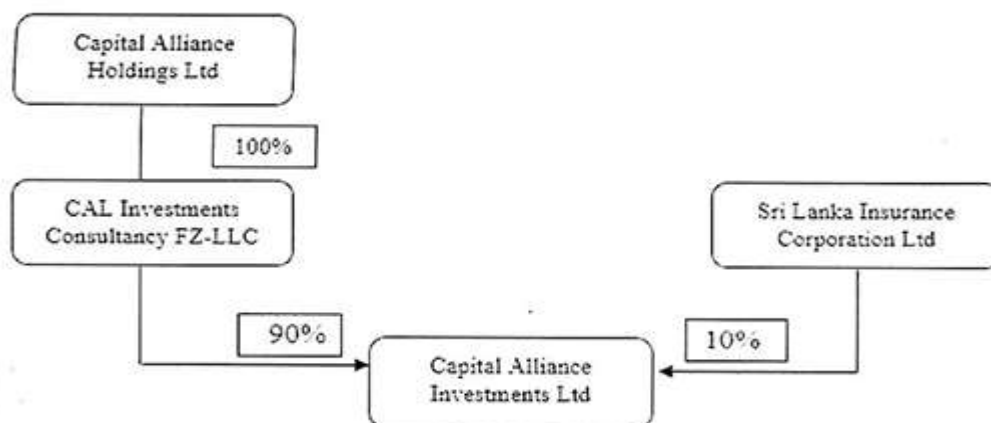
**5.0 FEE STRUCTURE**

Front end fee	There is no front-end fee applicable to this FUND
Management fees	An annual fee of 0.75% per annum of the market value of the FUND payable quarterly in arrears
Trustee fee	0.13% per annum of the NAV plus the applicable Government tax
Custodian fees	Rs. 20,000/- per month plus the applicable Government tax
Exit fee	There is no exit end fee applicable to this FUND

**6.0 THE MANAGER**

Capital Alliance Investments Limited, as Managers, will manage the FUND in accordance with this Key Investor Information Document, the Trust Deed, the SEC Act, the CIS Code and any directions which may be issued by the Commission from time to time. Its function includes the issue and redemption of units on behalf of the FUND, making investments and divestments on behalf of the FUND and providing a valuation for the units.

The group structure of the Manager is set out below:



Capital Alliance Investments Limited has been incorporated on 5<sup>th</sup> April 2011 and its head office is situated at Level 05, “Millennium House”, 46/58, Nawam Mawatha, Colombo 02.

The details of the members of the board of directors of Capital Alliance Investments Limited are as follows:

Name	Address	Status	Principal occupation of independent directors
Mr. W. A. T. Fernando	No 57/4, Ward Place, Colombo 07.	Executive Director	N/A
Ms. H. M. S. Perera	No 36/5, Bogahahena Road, Battaramulla	Executive Director	N/A
Mr. K. P. Mannakkara	No 250/3E, Torrington Avenue, Colombo 07.	Chairman	N/A
Mr. K. S. C. P. K. Gunasinghe	No 103A, Sepalika Watta, Wanawasala, Kelaniya.	Non-Executive Director	N/A

The details of the persons acting as portfolio managers are as follows:

Name	Qualifications	Previous experience in managing portfolios of a Scheme
<b>Cheryl Pasker</b>	<ul style="list-style-type: none"> <li>• CFA Level 1 Completed</li> <li>• Bachelor of Science Accounting and Finance</li> <li>• Diploma in Economics</li> </ul>	<p>With experience spanning over 5 years, Cheryl Pasker has been part of Capital Alliance Investments Limited since 2017 where she functioned as Junior Executive- Asset Management, Junior Analyst – Asset Management, Analyst-Asset Management, Associate- Asset Management and Assistant Manager- Asset Management, prior to her appointment as Assistant Vice President – Asset Management</p>
<b>Fathima Shehana Dain</b>	<ul style="list-style-type: none"> <li>• Diploma in Economics - University of London - London School of Economics</li> <li>• BSc Accounting and Finance -University of London - London School of Economics.</li> <li>• Master's in business administration- University of Colombo</li> </ul>	<p>With industry experience spanning over 6 years</p> <ul style="list-style-type: none"> <li>- Assistant Vice President Capital Alliance Investments Limited since 2020</li> <li>- Manager Cards Loyalty &amp; Value-added services - Nations Trust Bank PLC - 2016 – 2020</li> <li>Business Journalist - Daily FT - 2015-2016</li> </ul>

The Compliance Officer of Capital Alliance Investments Limited is Mrs. Sharmali Perera.



There will not be any delegation of services in the operation and management of the Fund.

## **7.0 THE TRUSTEE AND CUSTODIAN**

Hatton National Bank PLC will act as the Trustee and Custodian of the FUND.

As Trustee and Custodian, Hatton National Bank PLC will hold all assets of the FUND and exercise due diligence and vigilance over the FUND with the objective of safeguarding the interests of the unit holders. Apart from being the legal owner of FUND's assets, Hatton National Bank PLC is responsible to ensure that the Managers perform their obligations in relation to the management of and all payments on behalf of the FUND.

Hatton National Bank PLC is a company listed on the Colombo Stock Exchange.

## **8.0 INITIAL OFFER**

The initial fixed price offer commenced on 10<sup>th</sup> May 2012. The starting price of a unit on this day was at Rupees Ten (Rs. 10/-) per unit.

## **9.0 MINIMUM SUBSCRIPTION**

The minimum initial subscription shall be Rupees One hundred (Rs. 100/-).

## **10.0 WHO CAN APPLY**

Applications for the issue of units of the FUND can be made by the following:

- (i) Citizens of Sri Lanka, companies and institutions incorporated in Sri Lanka.
- (ii) Pension funds, provident funds and other legally constituted bodies incorporated in Sri Lanka.
- (iii) Minors under the age of 18 years, with the application to be made by a parent or guardian on their behalf.
- (iv) Non-resident Sri Lankans, and foreign institutional investors.

## **11.0 APPLICATION FORMS**

Copies of this Key Investor Information Document and application forms together with Know Your Customer (KYC) forms can be obtained from the Managers of the FUND, Capital Alliance Investments Limited, or any dealer appointed by them from time to time. The Key Investor Information Document, application forms as well as the Trust Deed, the SEC Act and the CIS Code can also be accessed online at the Capital Alliance website [www.cal.lk](http://www.cal.lk).

## **12.0 APPLICATION PROCEDURE AND MODE OF PAYMENT**

In order to subscribe for and purchase Units of the FUND, investors should complete, sign and submit the application form to Capital Alliance Investments Limited, Sri Lanka (addressed to the Administrator) together with a duly completed KYC form as referred to in Section 3 of the CIS Code. The submission of the duly completed and signed application form to Capital Alliance Investments Limited may be made by delivery of the same to Level 05, “Millennium House”, 46/58, Nawam Mawatha, Colombo 02 or by e-mail to [investments@cal.lk](mailto:investments@cal.lk).

Payment for units of the FUND must be made in the form of a bank pay order to “Capital Alliance High Yield Fund C/O Hatton National Bank PLC” or a direct remittance or deposit to the following bank account.

Name: “Capital Alliance High Yield Fund C/O Hatton National Bank PLC”

Account number: [ 003010550460 ]

Bank: Hatton National Bank PLC

**The allocation of units of the FUND is subject to the realization of payments in favour of the Managers.**

## **13.0 TAXATION**

Investors who invest in Units may be subject to income tax on distribution income and proceed of or redemption of Units. Further, investors may be subject to capital gains tax on the disposal of Units. Prospective investors who are in doubt as to their personal tax position should, prior to making an application for units of the FUND, consult their own professional advisors with regard to the implications of investing in and/or holding and disposing of units of the FUND and the receipt of income.

## **14.0 VALUATION OF UNITS**

The prices at which units of the FUND will be issued and redeemed will be calculated on each market day, by reference to the net asset value of the FUND as at the close of business on the respective valuation day as explained below as per the CIS Code or any other applicable rules or directives issued by the Commission.

## **15.0 VALUATION OF THE DEPOSITED PROPERTY**

- With reference to treasury bills, treasury bonds and other Government securities, the value calculated on a marked to market basis using the daily yield curve published by the Central Bank of Sri Lanka until maturity.
- with reference to an investment in unquoted debt instruments and fixed income securities (a) which has a maturity period of less than three hundred and ninety seven (397) days, the principal sum invested plus all accrued interest arising thereon and (b) which has a maturity period of more than three hundred and ninety seven (397) days, the value calculated on a marked to market basis using the daily yield curve released by the Central Bank of Sri Lanka until maturity plus any risk premium attached to the instrument.
- with reference to investment in any quoted debt instruments, the last traded price and where there has not been any trade for ninety (90) days, the value thereof calculated by reference to the guidelines issued by the Unit Trust Association of Sri Lanka
- with reference to an investment in deposits in Licensed Commercial Banks and Licensed Specialized Banks, the principal sum invested plus all accrued interest arising thereon.

## **16.0 DETAILED DESCRIPTION ON THE SUBSCRIPTION OF UNITS**

The managers shall have an absolute discretion to accept or not to accept, in whole or in part, any application for units. Units of the FUND will be allotted to investors at the day's unit price. All units will be issued pursuant to the receipt of a request for creation in writing addressed to the Administrator (including by e-mail) and made at/ sent to Capital Alliance.

Investments Limited, Sri Lanka. (In the case of units of the FUND being held by joint holders, the request for creation must be signed by both/all of them) and the receipt of funds for units.

After the time period of the 'initial offer', i.e., after 10<sup>th</sup> May 2012 the subscription price of a unit of the FUND shall be determined by:

- (1) Ascertaining the value of the net assets of the FUND as at 4.00 p.m. (Sri Lanka time) on the date of issue of the Units,
- (2) Deducting therefrom such sum that the Managers may consider appropriate as representing the duties and charges which would have been incurred if all the securities and other assets of the FUND would have been realized on that date at prices equal to their respective value as at 4.00 p.m. (Sri Lanka time) on that day, and
- (3) Dividing the resulting sum by the number of units of the FUND that are in issue and deemed to be in issue.

## **17.0 REDEMPTION**

The FUND will permit an investor to redeem up to 100.00% of the investment made by him/her. Redemptions are subjected to any restrictions imposed by the CIS Code.

Units of the FUND will be redeemed on the redemption dates announced by the Managers which shall be not later than the 10<sup>th</sup> Business Day from the request for redemption, at the 'Managers' Buying Price', and upon receipt of a request for redemption in writing addressed to the Administrator and made at/ sent to Capital Alliance Investments Limited, Sri Lanka (In the case of units of the FUND being held by joint holders, the request for redemption must be signed by the Holder who is first named in the Register).

The redemption price (*viz.* the 'Managers' Buying Price') shall be determined by:

- (1) Ascertaining the value of the net assets of the FUND:
  - (i) as at 4.00 p.m. (Sri Lanka time) on the date of receipt of the request for redemption if such request was received before 4.00p.m.
  - (ii) as at 4.00 p.m. (Sri Lanka time) on the Business Day immediately after the date of receipt of the request for redemption, if such request was

received after 4.00p.m,

- (2) Deducting therefrom such sum that the Managers may consider appropriate as representing the duties and charges which would have been incurred if all the securities and other assets of the FUND would have been realized on that date at prices equal to their respective value as at 4.00 p.m. (Sri Lanka time) on that day, and
- (3) Dividing the resulting sum by the number of units of the FUND that are in issue and deemed to be in issue as at that day.

Where applicable redemption requests on any dealing day exceed ten per centum (10%) of the total number of units in issue, redemption requests in excess of the ten per centum (10%) may be deferred to the next dealing day provided the Commission is notified in writing of such deferral.

## **18.0 DISTRIBUTIONS**

The FUND will distribute all or part of the realized income to Holders, as and when the Managers deem appropriate to do so, in the manner set out in the Trust Deed. The amount to be distributed at each given time will be based on a method of calculation as may be agreed upon between the Trustees and the Managers.

## **19.0 ACCOUNTS**

The Managers shall:

- i. Keep or cause to be kept proper books of account in relation to those interests;
- ii. Cause those accounts to be audited at the end of each Accounting Period by the Auditors;
- iii. Send a report on the annual audited accounts and the performance of the FUND annually. The accounts will be prepared as at 31<sup>st</sup> March in each year and sent to the Holders within four (4) months of the end of the accounting period;
- iv. Also prepare and produce interim report and unaudited accounts in respect of the

FUND for the first six (6) months of the annual accounting reporting period containing the same information as required in the annual audited report and accounts and as per the requirements of the CIS Code but excluding an auditor's report.

## **20.0 DEFINITION ON THE EXPENSES THAT WILL BE ALLOWED FROM THE FUND**

Neither the Trustee nor the Managers shall make any charge against the Holders or against the Deposited Property or against any distribution for their services or for their normal expenses hereunder with the exception of:

- i. costs of dealing in the Deposited Property;
- ii. interest on borrowing permitted under the FUND and charges incurred in effecting or varying the terms of such borrowings;
- iii. all direct and indirect taxes and duties payable in respect of the Deposited Property and/or the issue of Units and/or required to be charged to the Deposited Property, as imposed by the Government from time to time;
- iv. any costs, including legal costs, incurred or to be incurred (a) in the preparation or modification of the Trust Deed and any documents related thereto, (b) in the preparation and bringing into effect any amendments and/or supplements to the Trust Deed and any documents related thereto, (c) on behalf of the Holders of a Unit/s of the FUND and/or (d) in safeguarding the Deposited Property, including all expenses incurred by the Trustee in effecting registration or safe custody of the documents of title to all investments held upon the trusts of the FUND;
- v. any costs incurred in respect of (a) a meeting/s of Unit Holders, in preparing, publishing and/or sending communications to the Holders of Units of the FUND and/or (b) the publication of prices of Units and in respect of the publication and distribution of the FUND, this Key Investor Information Document or the Trust Deed, annual and interim reports and accounts;
- vi. the audit fees and any expenses of the auditor, tax consultancy fees and any expenses of the tax consultant, and expenses incurred in preparing any special reports required by the Commission and/or any other regulatory authority;
- vii. regulatory fees imposed by the Commission and all costs incurred to enable the Trust

- to comply with all legislation and/or other official requirements;
- viii. the costs incurred in respect of the distribution of income to Holders;
- ix. listing fees in case of funds listed on a stock exchange licensed by the Commission;
- x. any and all other charges or fees expressly authorised by this Trust Deed or by law;
- xi. any other fees approved by the Commission and specified in the Trust Deed; and
- xii. Management Fees, Trustee Fees and Custodian Fees

## 21.0 INVESTMENT COMMITTEE

The Investment Committee is established to advise the Managers with regard to the investing of the Deposited Property. The members of the Investment Committee shall be appointed and removed by the FUND managers.

The details of the members of the Investment Committee at the time of creation of the FUND shall be as follows:

Name	Principal employment	Experience in the field of investment management
Ajith Fernando	Managing Director – Capital Alliance Group	Mr. Fernando draws on a 30-year body of multi-faceted experience in Sri Lankan capital markets to steer the group's overall direction. A long-standing Fellow of the Chartered Institute of Management Accountants (UK), he holds an MA in Financial Economics from the University of Colombo.  He currently operates as the Managing Director of Capital Alliance Holdings Limited and Ceylon Tea Brokers PLC, while



		also reserving the position of Chairman in two of the group's companies. An industry visionary, Mr. Fernando holds key board positions in a number of companies both within and external to the CAL Group.
Kanishka Mannakkara	Chairman – Capital Alliance Investments Limited	<p>A member of the CAL management team since 2018, Mr. Mannakkara has had experience working across multiple countries and cultures in a career spanning over 15 years, ranging from asset management and corporate finance, to design and product innovation. Prior to CAL he served in a number of senior positions at the MAS Group in Sri Lanka and the UK over 13 years, including as the global head of corporate finance, treasury and strategy. He was responsible for setting up the centralized treasury function at MAS in 2007 and managed the reserves of MAS across multiple asset classes, currencies and countries during the period from 2007 to 2013.</p> <p>Mr. Mannakkara has a bachelor's degree in economics and finance from the University of Bristol, UK.</p>

		He has also engaged in executive education at the Wharton School and the Tuck School of Business, USA.
Shashika Ranasinghe	AGM – Investments Sri Lanka Insurance Corporation.	Mr. Ranasinghe has been serving as the Assistant General Manager – Investments at Sri Lanka Insurance Corporation Limited since 2018. Prior to this role, he has also been serving at Cargills Bank Limited, Aitken Spence PLC and Hatton National Bank PLC during his career spanning over 18 years. In addition to his role as a member of the Investment Committee of Capital Alliance Investments Limited, he also serves as a Director of Ceylon Asset Management as appointed by Sri Lanka Insurance Corporation Limited.
H A Karunaratne	Former Deputy Governor, CBSL	Mr. H A Karunaratne Served for over 32 years of experience in the Central Bank especially in the areas of Economic and Price Stability, Financial System Stability and other Agency Functions carried out by the Central Bank.  Prior to the appointment as a Deputy Governor, Mr. Karunaratne held the position of

		<p>the Assistant Governor in-charge of Employees' Provident Fund, Risk Management, and Secretariat Departments; and supervised the administrative matters of the Financial Intelligence Unit.</p> <p>In addition, Mr. Karunaratne served as the Secretary to the Monetary Board of the Central Bank of Sri Lanka for nearly four years. He also served as the Secretary to the Monetary Board Advisory Audit Committee, Secretary to the Board Risk Oversight Committee, Secretary to the Ethics Committee and the Head of Secretariat of the Whistleblowing Policy of CBSL. Mr. Karunaratne holds a Master of Arts degree in Economics from Ohio University, USA and a Bachelor of Science degree in Business Administration from the University of Sri Jayewardenepura.</p> <p>Mr. Karunaratne is an Associate Member of the Institute of Chartered Accountants of Sri Lanka.</p>
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## **22.0 REPORTS AND ACCOUNTS THAT WILL BE DISSEMINATED AMONG THE UNIT HOLDERS**

The responsibility for the keeping and maintaining of the accounts and the accounting records pertaining to the FUND and the preparation, publication and distribution of any reports and the frequency of the preparation, publication and distribution of the same shall be in accordance with the provisions of the CIS Code.

## **23.0 THE RIGHTS AND LIABILITIES OF UNIT HOLDERS**

- The Holder shall be the only person to be recognized by the Trustee and/or by the Managers as having any right, title or interest in or to Units registered in his name and a certificate and the Units represented thereby.
- The Trustee and the Managers may recognize the Holder as absolute owner of the Units and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see to the execution of any trust save as herein expressly provided or as by some court of competent jurisdiction ordered to recognize any trust or equity or other interest affecting the title to any Units.
- No person other than the Managers and the Holders to the extent and during the period in which Units are registered in his name shall have any rights against the Trustee.

The liability of the Holders to make payments to the FUND is limited to the investment made by the Holders to acquire Units of the FUND. Holders are not required to make any further payment or assume any further liability.

## **24.0 SUSPENSION IN DEALING**

The Managers may, with the approval of the Trustee and the Commission, suspend the issue of Units during:

- (i) the existence of any state of affairs which, in the opinion of the Managers, constitutes an emergency as a result of which disposal of such investments would not be reasonably practicable or might seriously prejudice the interests of the Holders as a

whole and/or of the Deposited Property.

- (ii) any breakdown in the means of communication normally employed in determining the price/value of any of such investments or the current price on any Recognized Stock Exchange, or when for any reason the prices/values of any of such investments cannot be promptly and accurately ascertained;
- (iii) any period when remittance of money which will or may be involved in the realization of such investments or in the payment for such investments cannot, in the opinion of the Managers, be carried out in reasonable time.

Such suspension will take effect forthwith upon the declaration thereof by the Managers and will terminate on the day following the first Business Day on which the condition giving rise to the suspension will have ceased to exist and no other condition under which suspension is authorised under this sub-clause will exist.

The Managers may at any time with the approval of the Trustees and the Commission suspend the right of Holders to require redemption of any Units during any period when the issue of Units is suspended as referred to above.

## **25.0 TERMINATION OF THE FUND**

The FUND may be terminated by the Trustees upon the happening of any of the events listed in the Trust Deed and the circumstances set out in the CIS Code.

Further the Trustee or the Managers may, by giving not less than three (03) months' notice to the other, with the concurrence of the Commission decide to terminate the FUND. The notice of such termination must be given to all Holder and by such notice fix the date at which such termination is to take effect, which date should not be less than three (03) months after service of the said notice.

The Trustee will exercise all due diligence and vigilance in carrying out its functions and duties and in protecting the rights and interests of the Holders.

The Directors of Capital Alliance Investments Limited, having seen and approved this Key

Investor Information Document, collectively and individually, accept full responsibility for the accuracy of the information given herein, and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief there are no other material facts the omission of which would make any statement herein misleading or inaccurate.

This Key Investor Information Document is dated 22<sup>nd</sup> May 2023

## **26.0 CORPORATE DIRECTORY**

### **CAPITAL ALLIANCE HIGH YIELD FUND**

#### **Trustee and Custodian**

Hatton National Bank PLC  
Company number PQ 82  
“HNB Towers”, No. 479,  
T B Jayah Mawatha,  
Colombo 10.

#### **Auditors**

BDO Partners  
“Charter House”  
65/2, Sir Chittampalam A Gardiner Mawatha,  
Colombo 02

#### **Bankers**

Hatton National Bank PLC  
Company number PQ 82  
“HNB Towers”,  
No. 479, T B Jayah Mawatha,  
Colombo 10.

#### **Lawyers**

FJ & G de Saram  
Attorneys-at-Law & Notaries Public  
216 De Saram Place  
Colombo 10

#### **Managers**

Capital Alliance Investments Limited,  
Company number PV 4663  
46/58, Level 5, “Millennium House”  
Navam Mawatha,  
Colombo 02

## **27.0 DEFINITIONS**

“Business Day” mean any day on which the Colombo Stock Exchange is open for trading;

“CIS Code” means the Collective Investment Scheme Code framed and gazetted in Gazette No. 2278/27 dated 7<sup>th</sup> May 2022 by the Commission under the Act and any modifications made thereto;

“Commission” means the Securities and Exchange Commission of Sri Lanka established in terms of the SEC Act;

“Deposited Property” means all the assets (including cash and earnings on cash deposits) for the time being held or deemed to be held by the Trustee, in his capacity as custodian of the Fund, on behalf of the Fund and subject to the provisions of the Trust Deed, excluding any amount for the time being standing to the credit of the Distribution Account;

“Distribution Account” means an account which has been set up by the Trustee to hold income for the distribution to the Holder;

“FUND” means the Unit Trust constituted by the Trust Deed, as modified or added to from time to time with the approval of the Commission and called by the name “CAPITAL ALLIANCE HIGH YIELD FUND” or such other name as the Trustee and the Managers may mutually agree upon from time to time;

“Government” means the Government of Sri Lanka;

“Manager/s” means Capital Alliance Investments Limited (CAL), a managing company licensed by the Commission to operate Unit Trusts in Sri Lanka;

“LKR” or “rupees” or “Sri Lanka rupees” - Sri Lankan Rupees, the legal currency of Sri Lanka;



“Key Investor Information Document” means the key investor information document issued by the Managers from time to time, containing information with regard to the Fund, to invite offers from prospective investors to subscribe for or purchase Units in the FUND;

“NAV” means net asset value of the FUND;

“Recognized Stock Exchange” means (i) the Colombo Stock Exchange or (ii) any other stock exchange licensed by the Commission or (iii) any other stock exchange of repute in any other part of the world as from time to time agreed to in writing between the Managers and the Trustee and specially recognized for this purpose by the Commission;

“Register” means the register of the Holders kept pursuant to Clause 7 of the Trust Deed;

“SEC Act” means Securities & Exchange Commission of Sri Lanka Act No. 19 of 2021;

“Trustee” means Hatton National Bank PLC or such other person or persons for the time being duly appointed as trustee of the Fund in succession to Hatton National Bank PLC;

“Trust Deed” means the Trust Deed dated 8<sup>th</sup> February 2012 and 23<sup>rd</sup> February 2012 amended by (i) supplementary Trust Deed dated 20<sup>th</sup> January 2015 and (iii) supplementary Trust Deed dated 22<sup>nd</sup> May 2023, entered into between Capital Alliance Investments Limited and Hatton National Bank PLC, the Trustees and Custodian of the FUND;

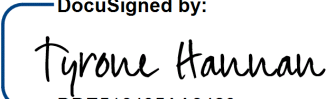
“Unit” means one undivided unit in the Fund, constituting one of the equal proportionate participations into which the beneficial interests in the assets of the Fund are divided;

“Unit Holders” or “Holders” means any person for the time being entered in the Register as the holder of a Unit and includes persons so entered as joint Holders.

## 28.0 Declaration by the Trustee

We Hatton National Bank PLC hereby declare that we will carry out the transactions with the Manager at an arm's length basis and on terms which are best available for the FUND, as well as act, at all times, in the best interests of the FUND's unit holders and also that the requirements of the guidelines issued by the SEC in Circular No. 2/2009 dated 7<sup>th</sup> January 2009 have been complied with.

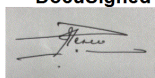
The Trustees hereby also declare and certify that they have read and agreed with the representations made in this Key Investor Information Document.

DocuSigned by:  
  
 DDE516495AA3429...  
 Authorized Representative of Trustee

## 29.0 Declaration by the Manager

We, Capital Alliance Investments Limited, hereby declare that we will carry out the transactions with the Trustee at an arm's length basis and on terms which are best available for the FUND, as well as act, at all times, in the best interests of the FUND's unit holders and also that the requirements of the guidelines issued by the SEC in Circular No. 2/2009 dated 7<sup>th</sup> January 2009 have been complied with.

We accept full responsibility for the accuracy and the information given herein, and confirm having made all reasonable inquiries, that to the best of their knowledge and belief there are no other material facts the omission of which would make any statements herein misleading.

DocuSigned by:  
  
 CFDCD86207664B6...  
 Director

DocuSigned by:  
  
 8F64D6E628CB41F...  
 Director

On behalf of the Manager